Tips for Your First Negotiated Change to a Systems Contract

Scott Ingersoll

September 18, 2003

Overview- Negotiating Changes

- Preparing for Battle:
  - Real Goals
  - Begin with end
  - Arm yourself!
- During the Fray
  - Is this your first time?
  - What you don’t say
  - Protect your wingman
  - Salami, Salami, Baloney
  - Finish Him! (?)

Real Goals
- Supporting the Program

- Your job exists because someone (who knows contracting constraints and process) must change and administer the living contract, so the contractor can make or do things for us .
- Quality to PM: Speed (he assumes safety)
- Time (delay) is Money: All changes +/- = $$$
- Fair and Reasonable, but hurry and get it on

"Job is to make transfer payments to contractors."

Do you agree or disagree?

Begin with end – What you must agree on, to write the mod & PNM

- Section B: Prices (all elements, unit prices, Fee%, totals for all affected B(1) and B(2) paragraphs)
- Section F: POP and delivery schedule
- Section H & I: Terms and Condition changes (rarely)
- Section J: SOW (IMP, Annex, WBS, etc) changes
- NOT: Exact hours, how prices were reached, factors, rates (except T&M), subcontract prices, etc., etc. BECAUSE MAY NEVER AGREE ON THIS while <u>may easily agree</u> on changes to bottom line contract numbers

Arm yourself! – Standard weapons to bear

- Pricing spreadsheet set up to mimic their estimating system, with their proposed numbers plus ability to make changes and see “bottom line” and other key elements (unit prices, cost + fee/profit, # units).
- Earmarked, flagged, cross-referenced & demystified copy of their proposal—OK to write in margins!!
- Earmarked, annotated Tech eval, audit reports
- Negotiation points and plan to use (Audible ready!)
- Preliminary PNM (but guard your Business Clearance)
- A Project Manager (by your side & on your side)
- Prepare format for Offers in advance: In writing, #, dated, elements, minimal “why”

First Time Jitters

- If you are not nervous you are abnormal
  - Being “excited” will make you sharper
- Setting up the Negotiation Session
  - Schedule time when you are at your peak
  - Face to Face = Faster settlement
  - Location: Here, unless just you and him
  - Establish expectation at onset: “Should take 2 hours, only a few items to discuss”
- Break ice : Introduce all parties, take names and titles
  - Need names and titles for PNM

What you don’t say - Don’t set new precedents

- As a novice, need to know limits of your authority
  - Most terms are settled
- Usually Won’t change: contract type, FAR clauses, DPAS rating, quality procedures, etc.
- Usually Won’t establish new: payment procedures, data rights, unique and “innovative” contract arrangements, provide specific direction which relieves contractor of risk, agree to future Government commitments, basic contract terms

Planning the Attack

- Have a plan and follow it
  - Your strategy is dependent on mixture of issues, all the personalities, strength of your support, etc. but ANY STRATEGY BEATS NO STRATEGY
  - You and Project Manager must protect each other
  - Work with your Project Manager to come up with an approach you are both comfortable with
- Caucus (meet privately) whenever uncomfortable with the proceedings; agree on Flag word for caucus

Salami, Salami, Baloney –Tactics simplified

- Get answers to your questions – Allow No sidestepping; peel back the onion. Silence powerful!
- Ask and Listen: If you are talking you are wrong
  – “SHUTUP!”
- Don’t agree firmly point by point, slice by slice, or soon will have entire salami shoved down your throat
- Perfectly OK to re-open an area previously “settled”
- Make Offers in writing, “Per discussions on WBS x.x.x”, all elements, KIS, brief, tentative
- Remember Golden Rule—You hold the Gold, can always settle unilaterally.

Finish Him! – Not!

- Don’t back your opponent into the corner – Allow him to win points or at least feel like he did, or may not settle out of personal pride
- Treat him the way you hope to be treated – He is not a crook, he probably has an honest difference of opinion
- You will be working with this same person for a long time, including the whole time you are putting the mod together, so use common courtesy and be professional
- INSTEAD: Think about driving a stake into the heart of this contract action: Settle all terms, resolve questions, agree on details, as well as numbers

Summary: After Action Report

- Preparations: Evaluate how well you:
  - Real Goals: Got it done in timely manner?.
  - Begin with end: Any holes in your mod/PNM info?
  - Arm yourself! : How will you improve tools?
- Execution: Evaluate how well you:
  - Is this your first time?: Got comfortable with process?
  - What you don't say: Stay away from wrong topics?
  - Protect your wingman: Work well with others?
  - Salami, Salami, Baloney: What tactics worked?
  - Finish Him! (?) : Finish both feeling like winners?